GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4303
ANSWERED ON:22.03.2013
LOAN TO CORPORATE HOUSES
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Will the Minister of FINANCE be pleased to state:

(a) whether it has come to the notice of the Government that certain corporate houses are not regularly repaying the loans taken by them from the banks;

(b) if so, the details thereof including the names of such corporate houses;

(c) whether the banks have attached / proposes to attach their assets for non-payment of loans;

(d) if so, the details thereof indicating the names of those corporate houses whose assets have been attached by the banks; and

(e) the other effective measures taken by the Government / banks in this regard?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (e): Advancing a loan to individual and private companies is purely a commercial decision of banks. All the Public Sector Banks (PSBs) have in place Board approved Policy regarding sanction and disbursal of loans. In accordance with the practices and usages customary amongst the banks and in conformity with provisions of statutes relating to Fidelity and Secrecy in banks, information relating to the details of the individual borrower of the banks is not divulged. RBI advises banks from time to time, to take effective measures to strengthen the credit appraisal and monitoring of advances to arrest the incidence of fresh Non-Performing Assets (NPAs) and adopt a more realistic approach to reduce the existing and chronic NPAs in all categories.

In order to improve asset quality of the banks and create a good recovery climate, RBI and the banks have already taken various steps over the years, which, inter-alia, include prescribing prudential norms for provisioning and classification of non-performing assets, guidelines for prevention of slippages, Corporate Debt Restructuring and other restructuring schemes, One Time Settlement schemes, enactment of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, the Credit Information Companies (Regulation) Act, 2005 and the Recovery of Debts due to Banks and Financial Institution (RDDBFI) Act, 1993, etc.

Furthermore, in order to ensure effective and expeditious recovery of defaulted loans of Banks and Financial Institutions through effective enforcement of their security interest, the SARFAESI Act and RDDBFI Act (DRT Act) have been amended. 'The Enforcement of Security interest and Recovery of Debts Laws (Amendment) Act, 2012' (No.1 of 2013) has been enacted bringing out certain amendments in the SARFAESI, Act, 2002 and RDDBFI Act, 1993.